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EXAMINER	
RUHL, DENNIS WILLIAM	

ART UNIT	PAPER NUMBER
3689	

NOTIFICATION DATE	DELIVERY MODE
11/15/2010	ELECTRONIC

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

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Office Action Summary	Application No. 09/834,478	Applicant(s) CHIEN ET AL.	
	Examiner Dennis Ruhl	Art Unit 3689	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE _3_ MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on _17 March 2010_.

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) _1,3-23 and 33-50_ is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) _1,3-23 and 33-50_ is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☐ Notice of References Cited (PTO-892)

2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)

3) ☐ Information Disclosure Statement(s) (PTO/SB/08) Paper No(s)/Mail Date _____.

4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____ .

5) ☐ Notice of Informal Patent Application

6) ☐ Other: _____.

A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 3/17/10 has been entered.

1. The amendment filed 2/27/09 is objected to under 35 U.S.C. 132(a) because it introduces new matter into the disclosure. 35 U.S.C. 132(a) states that no amendment shall introduce new matter into the disclosure of the invention. The added material which is not supported by the original disclosure is as follows: All of the newly added subject matter that was added to the specification at page 25 is not supported by the originally filed specification. Applicant is referred to the 112,1st rejection where this is addressed in more detail as far as why the amendment to both the specification and the claims is considered to be new matter.

Applicant is required to cancel the new matter in the reply to this Office Action.

2. The following is a quotation of 37 CFR 1.71(a)-(c):

> (a) The specification must include a written description of the invention or discovery and of the manner and process of making and using the same, and is required to be in such full, clear, concise, and exact terms as to enable any person skilled in the art or science to which the invention or discovery appertains, or with which it is most nearly connected, to make and use the same.
>
> (b) The specification must set forth the precise invention for which a patent is solicited, in such manner as to distinguish it from other inventions and from what is old. It must describe completely a specific embodiment of the process, machine, manufacture, composition of matter or improvement invented, and must explain the mode of operation or principle whenever applicable. The best mode contemplated by the inventor of carrying out his invention must be set forth.

> (c) In the case of an improvement, the specification must particularly point out the part or parts of the process, machine, manufacture, or composition of matter to which the improvement relates, and the description should be confined to the specific improvement and to such parts as necessarily cooperate with it or as may be necessary to a complete understanding or description of it.

3. The specification is objected to under 37 CFR 1.71 because it fails to provide support as originally filed for the subject matter that has been added in the amendment of 2/27/09. The specification as originally filed never disclosed what is not added to the specification (as well as for what is newly claimed as is addressed under 112,1st). Applicant is referred to the 112,1st rejection where this is addressed in more detail as far as why the amendment to both the specification and the claims is considered to be new matter.

4. The following is a quotation of the first paragraph of 35 U.S.C. 112:

> The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

5. Claims 42,44-50, are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention.

In the amendment of 2/27/09 applicant amended the independent claims 1,5,19,23,33,37,38 by adding new subject matter that is not supported in the specification as originally filed. Now applicant has deleted that subject matter from the independent claims and presented the same subject matter in dependent claim form

(newly added claims 44-50). While not a 112,1st issue regarding the claims, the specification has been amended to disclose subject matter commensurate with the claim amendments that is also new matter. Applicant also added new claim 42 that recites subject matter that is not supported in the specification as originally filed. It was not reasonably clear upon a reading of the specification as originally filed that the inventors contemplated the invention as it is currently is claimed in claims 44-50 and 42, or that disclosed in the amended specification (not 112,1st issue but discussed here for purposes of brevity). Applicant has taken the position that the specification "incorporated by reference" application number 09/652,899 and 09/241,188, and that because of this incorporation, the newly added subject matter is not new matter. In the specification on page 15 it was stated:

> *"This system may be integrated with other systems to better facilitate the spending of loyalty points and the conversion of loyalty points to a currency credit. For more information on loyalty systems, smart card systems, transaction systems, electronic commerce systems and digital wallet systems, see, for example, the Shop AMEX TM system as disclosed in Serial No. 60/230,190 filed September 5, 2000; a digital wallet system disclosed in U.S. Serial No. 09/652,899 filed August 31, 2000; a stored value card as disclosed in serial number 09/241,188 filed on February 1, 1999; a system for facilitating transactions using secondary transaction numbers disclosed in Serial No. 09/800,461 filed on March 7, 2001, and smart card systems disclosed in Serial No. 60/232,040, filed on September 12, 2000, and U.S. Patent Nos. 5,742,845; 5,898,838 and 5,905,908, owned by Datascape, all of which are herein incorporated by reference."*

With respect to the use of incorporation by reference, particular attention is to be paid to the specific portions of the incorporated document(s) where the incorporated subject matter can be found. In this case, when determining from the specification as

originally filed what the inventors contemplated as their invention, as is required under the written description requirement of 112,1st, it is noted that there is no actual discussion regarding any of the incorporated references as to what is actually being incorporated as far as subject matter goes from each reference. There is no identification of where in the documents any incorporated subject matter can be found. In this case, applicant simply made a generic statement that "This system" may be integrated with other systems to better facilitate the spending of loyalty points and the conversion of loyalty points to a currency credit. Then it was stated that "For more information on loyalty systems, smart cards, transaction systems, electronic commerce systems and digital wallet systems, see…" and then a number of references are incorporated by reference. Applicant did not state what the subject matter actually was that was being incorporated from any of the references. The language of "*This system may be integrated with other systems to better facilitate the spending of loyalty points and the conversion of loyalty points to a currency credit*" is extremely vague and non-specific as far as what the subject matter was or what the integration was the inventors actually contemplated as their invention. In this case, how would one reading the specification reasonably know that the invention actually was a combination of only a portion of 09/652,899 and a portion of 09/241,188 along with the originally filed instant specification, and not portions of the other references as well? No guidance is given at all as to where in the references the incorporated subject matter can be found. Applicant's incorporation by reference is seen as nothing more than a vague and general reference to other references, with no particular attention paid to actually what it

was that the inventors contemplated as their invention. Also, this disclosure does not seem to even reasonably provide support for taking one feature from one reference, taking another feature from another reference, and combining them with the originally filed disclosure in this application to arrive at the current claims as reflected in claims 42,44-50. The instant examiner had no idea that the applicant felt that this was their invention, especially at such a late stage in the prosecution history. In the manner that applicant has attempted to incorporate by reference the various references on page 15, there could be an almost infinite number of possible combinations that applicant could potentially claim was their invention by simply picking and choosing various combinations from any of the references. This does not seem to be commensurate with the idea that an incorporation by reference has to actually identify the subject matter being incorporated and is to pay particular attention explaining where in the incorporated documents the incorporated subject matter may be found, so that a full and clear explanation of what applicant regarded as their invention can be ascertained. The newly added subject matter added to claims 44-50 and 42 was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention. Claims 42,44-50 contain new matter and are not supported by the specification as originally filed.

6. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

7. This application currently names joint inventors. In considering patentability of the claims under 35 U.S.C. 103(a), the examiner presumes that the subject matter of the various claims was commonly owned at the time any inventions covered therein were made absent any evidence to the contrary. Applicant is advised of the obligation under 37 CFR 1.56 to point out the inventor and invention dates of each claim that was not commonly owned at the time a later invention was made in order for the examiner to consider the applicability of 35 U.S.C. 103(c) and potential 35 U.S.C. 102(e), (f) or (g) prior art under 35 U.S.C. 103(a).

8. Claims 1,3-12,19,33,34,35,37,43, are rejected under 35 U.S.C. 103(a) as being unpatentable over Burton et al. (5025372) in view of Tedesco et al. (6898570) in view of McMullin (6222914) in view of Adams et al. (7025674).

For claim 43, Burton discloses a method and system for an incentive award program that awards point to participants, where the points can be converted to a monetary value that is then credited to a financial account of the participant. The participant is issued a credit card (the financial account), is authenticated and entered into a loyalty program where any earned loyalty points can be converted to a currency value and that value is then credited to the credit card account. See the Abstract. The

claimed steps of "receiving...an account code, merchant identifier, and a payment authorization request" and "approving said payment authorization.." are satisfied by a regular use of the credit card of Burton. This occurs when a loyalty program member uses the credit card (a line of credit) to make a purchase and the credit card system processes the transaction. When the card of Burton is used to execute a transaction, an account number (code) is going to be used so that the ID of the account can be ascertained and verified, along with the merchant ID. The processing of the transaction itself is an authorization request as claimed. This is what happens when a credit card transaction is processed. When a transaction is approved or executed, loyalty points are then earned, which satisfies the claimed "increasing a balance of loyalty points...". Applicant is simply claiming the earning of points after a purchase has been authorized, which is found in Burton. The loyalty account that is stored on a database is the "Participant" account (see column 10 and column 14, lines 60-68) that is stored on the computer system. The loyalty account for each participant includes information about how many award points have been earned (which is a loyalty point balance). The amount/balance of loyalty points are retrieved from the database and are converted to a currency value by using a computer, see column 13, lines 16-30. The resulting currency value is then credited to a financial account of the participant, which is the disclosed credit card account of the participant. The examiner notes that in columns 29-30, it is disclosed that the participant can request the withholding of earned points, so that the points are not converted to a currency value and credited to the credit card account until a point in time in which the participant requests such an action. The

participant can elect to transfer the withheld loyalty points, converted to a currency value, to the credit card account by submitting a request at a later time (done by a user interface that has a device that allows the request to be submitted). This is done to allow the participant to save points towards a future purchase and then when they want to make the purchase they can have the withheld points converted to a currency value and credited to their credit card account (increasing a line of credit due). Column 29 discloses that "When a transfer request is received…the amount of the transfer and type of transfer is *entered into the CPU* in block 753".

Burton does not disclose that a webpage is provided that discloses the transaction and the full purchase amount (online billing statement), as well as the balance of loyalty points that the participant has earned. Burton does not disclose that the webpage has a device that allows the participant to apply a currency value (from converted points) *to a particular transaction* in the billing statement. Burton does not disclose that the charge for the transaction is actually being offset by the conversion of the points to currency. Burton also does not disclose that the conversion ratio depends on the merchant and one of the date, inventory data, participant status, or method of facilitating the transaction.

With respect to having a webpage that provides an online billing statement for the participant, Tedesco discloses in column 6, lines 28-42 that billing statements are sent to customers online and via a webpage. This is representative of the old and well known idea of having a billing statement online that sets forth what transactions have been processed, etc.. It would have been obvious to one of ordinary skill in the art at

the time the invention was made to provide Burton with the ability to provide an online webpage based billing statement that set forth a listing of transactions that occurred and that are covered in the billing period for the billing statement. This is just updating Burton with modern technology and using the Internet to convey a billing statement to the customer instead of a paper copy in the mail. This is considered to be obvious. This satisfies the portion of the claim that recites the webpage that discloses the transaction and purchase amount, which is what you find in a billing statement for a credit card like in Burton. This does not however, fully address the portion of the claim that recites that the balance of loyalty points is displayed in a section of the webpage. The examiner feels that this is obvious also. In Burton, requests to have points withheld or applied are made through a computer, it is just not disclosed that it is done via a webpage on the Internet. In Burton the database stores a balance of loyalty points so Burton already uses and discloses having a loyalty points balance. One of ordinary skill in the art that is providing online billing statements for their customers would naturally consider having the participant's point balance also be reflected in their billing statement so the customer/user knows what their balance currently is. The billing statement is a tool that gives information to the participant about their account as far as balances go and any transactions that have occurred. The loyalty points balance is information relating to the account(s) of the participant and this is information that the participant would likely want to know. Using the billing statement to convey the loyalty point balance would have been an obvious choice to one of ordinary skill in the art. In Burton, as stated previously, the acts of requesting withholdings and conversion of points is

done by computer. One of ordinary skill in the art would find it obvious to use an online billing statement to show the points balance as well as allowing the participant to request withholdings and conversions via the webpage. After all, the management of points is disclosed as being done by computer in Burton anyway so this is really just using the online billing statement as the tool that allows the participant to know what their balance is (as is disclosed in Burton and done by computer in Burton). Allowing one to use the webpage to submit the request for points conversion (which is done by computer in Burton, is considered to be obvious.

Concerning the offsetting of a previously executed transaction, the examiner notes that the awards points in Burton are converted to a monetary amount that is given to the customer to spend on an expected future purchase. They are awarding the customer with money. The background of the invention section in Burton also discloses that "*In some cases the points are converted to a direct cash payment to the participant at either the culmination of the period or the program.*". This teaches that it is known in the art to provide a cash payment to the participant. In both Burton and this other prior art technique, the purpose is the same, namely, to provide an incentive for the participant and to provide them with a monetary award. In Burton, as has been argued by applicant, the points are apparently credited to the financial account prior to the intended charge actually occurring. Applicant is claiming that instead of crediting the account prior to the purchase of the expected item, the credit is happening after the purchase of the expected item. This all comes down to the timing of when the crediting of the account step occurs and results in one thing, namely the crediting of the account.

Applicant is claiming that it is novel to credit the account after the purchase is made instead of doing what Burton does, which is credit the account prior to the expected purchase. Both methods result in the same thing, which is the crediting of a financial account with the currency value, and both ways allow a participant to make a desired purchase. In view of the fact that Burton is providing the participant with a monetary award in the form of a currency value that is deposited to an account, in view of the fact that Burton discloses that points can be stored up and used to pay for a specific item or purchase, and in view of the fact that it is known in the art to provide a monetary award in the form of a cash payment to the participant (that they can do whatever they want with, including paying a credit card bill), one of ordinary skill in the art at the time the invention was made would have found it obvious to apply the currency value credit to the financial account of the participant for the purpose of allowing them to offset a previously executed charge. This is simply allowing the participant to credit the currency value to any outstanding balance on their account (i.e. a previously executed charge) which results in the available amount of credit going up. In the prior art you are giving a monetary award to the participant, this can be done by the method of Burton (credit before the actual purchase) or can be done by cash payment directly to the participant (cash can be used for anything, including paying a credit card bill). Both have the intent of giving the money to the participant so they can spend it. It would have been obvious to one of ordinary skill in the art at the time the invention was made to allow the currency value of Burton to be credited to the financial account to offset a previous charge, so that the participant can purchase the item they desire before using

their points instead of having to wait to have the currency value credited first. One of ordinary skill in the art would have recognized or contemplated the fact that the currency value credit could also be made to the account of the participant, i.e. applying the credit to any outstanding balances. The small difference of applying the credit for an expected future charge versus applying the credit to offset a just executed charge is seen as obvious. The credit must go somewhere. One of ordinary skill in the art would have found it obvious to apply the credit to the account of the participant as applicant has claimed. Additionally, McMullin discloses a customer reward system that allows customers to take their earned award and have it applied to a transaction on a billing statement (a phone bill). Column 4, line 64 to column 5, line 22 discusses that the earned award can be used to reduce the total balance of the credit card (occurs after charges have been accrued) and discloses that the award may be used to pay off a portion of the balance, such as a phone bill. McMullin states “In other words, the award may be applied to the card in any manner”. It would have been obvious to one of ordinary skill in the art at the time the invention was made to provide Burton with the ability to allow the participant to have their earned points that were converted to a currency value credited to their balance to offset a previously executed charge as claimed. The idea of crediting the points to the account to offset a previous charge is already known in the art.

With respect to the conversion ratio being dependent on the merchant and the other recited data, this is not taught. Adams discloses a customer rewards system that awards points to a customer. A conversion ratio is used. In column 2, lines 11-28 it is

disclosed that it is known to alter conversion ratios to encourage purchases at various shops or during various seasons (dates). It is known in the art to provide different conversion ratios, where the conversion ratio depends on the merchant (to encourage purchases at various shops), and a date (seasonal encouragement). While this is a disclosure to the conversion of a purchase in dollars to points, it is a teaching to one of ordinary skill in the art that the conversion ratio can vary as desired based on merchant and a date (seasonal). The applicant is just claiming the varying of the conversion ratio going the other way, when converting points to currency as opposed to a dollar purchase to points. Simply varying the conversion ratio of points to currency for particular merchants and a particular time is something that involves no more than ordinary skill in the art. It would have been obvious to one of ordinary skill in the art at the time the invention was made to allow for varying conversion ratios (points to currency) depending on what merchant the saved up points are going to be used with for the expected purchase and dependent on the date of the transaction (seasonal time) to encourage loyalty program members to shop with their earned points at particular merchants and to convert their points at a particular time of year (possibly during the slow time of the year for seasonal sales). When one decides to save their points up for a purchase at a particular store, it would have been obvious to make the points be worth more in currency for that purchase at the particular store (the points are worth more at that store, such as earning double points) as well as more points for the time of the purchase (seasonal encouragement). The conversion of the points to currency does not occur without the confirmation from the customer themselves.

For claims 33,34, Burton discloses a method and system for an incentive award program that awards point to participants, where the points can be converted to a monetary value that is then credited to a financial account of the participant. The participant is issued a credit card (the financial account), is authenticated (approved to participate) and registered into a loyalty program where any earned loyalty points can be converted to a currency value and that value is then credited to the credit card account. See the Abstract. This satisfies the first three claimed steps of “registering”, “providing”, and “selecting”. The claimed participant is the “participant” disclosed in Burton. The claimed loyalty account that is stored on a loyalty database is the “Participant” account (see column 10 and column 14, lines 60-68) that is stored on the Incentive Company’s computer system (claimed account manager). The loyalty account for each participant includes information about how many award points have been earned. The amount of loyalty points are retrieved from the database (by loyalty system middleware) and are converted to a currency value by using a computer (the claimed conversion processor), see column 13, lines 16-30. This inherently requires that there be a conversion ratio as claimed because you cannot convert points to currency without some value for a conversion ratio. The resulting currency value is then credited (increasing a line of credit due) to a financial account of the participant, which is the disclosed credit card account of the participant (a line of credit). The examiner notes that in columns 29-30, it is disclosed that the participant can request the withholding of earned points, so that the points are not converted to a currency value and credited to the credit card account until a point in time in which the participant

requests such an action. The participant can elect to transfer the withheld loyalty points (by approving a request to convert), which are converted to a currency value, to the credit card account by submitting a request at a later time. This is done to allow the participant to save points towards a future purchase and then when they want to make the purchase they can have the withheld points converted to a currency value and credited to their credit card account. The claimed step of increasing the loyalty point balance subsequent to approving the claimed payment authorization request is satisfied by what happens during the use of the card of Burton anyway. If a transaction is approved, then loyalty points are earned. That portion of the claim reads on what happens when using the card of Burton after a purchase has been made.

Burton does not disclose that a webpage is provided that discloses the transaction and the purchase amount (online billing statement), as well as the balance of loyalty points that the participant has earned. Burton does not disclose that the webpage has a device that allows the participant to apply a currency value (from converted points) to a particular transaction in the billing statement. Burton does not disclose that the charge for the transaction is actually being offset by the conversion of the points to currency. Burton also does not disclose that the conversion ratio depends on the merchant and one of the date, inventory data, participant status, or method of facilitating the transaction.

With respect to having a webpage that provides an online billing statement for the participant, Tedesco discloses in column 6, lines 28-42 that billing statements are sent to customers online and via a webpage. This is representative of the old and well

known idea of having a billing statement online. It would have been obvious to one of ordinary skill in the art at the time the invention was made to provide Burton with the ability to provide an online webpage based billing statement. This is just updating Burton with modern technology and using the Internet to convey a billing statement to the customer instead of a paper copy in the mail. This is obvious. This satisfies the portion of the claim that recites the webpage that discloses the transaction and purchase amount, which is what you find in a billing statement for a credit card like in Burton. This does not however, fully address the portion of the claim that recites that the balance of loyalty points is displayed in a section of the webpage. The examiner feels that this is obvious also. In Burton, requests to have points withheld or applied are made through a computer, it is just not disclosed that it is done via a webpage on the Internet. One of ordinary skill in the art that is providing online billing statements for their customers would naturally consider having the participant's point balance also be reflected in their billing statement. The billing statement is a tool that gives information to the participant about their account and any transactions that have occurred. The information on the loyalty points is information relating to the account(s) of the participant and this is information that the participant would want to know. Using the billing statement to convey the point balance and to allow for requests for conversions etc., would have been an obvious choice to one of ordinary skill in the art. In Burton, as stated previously, the acts of requesting withholdings and conversion of points is done by computer. One of ordinary skill in the art would find it obvious to use an online billing statement to show the points balance as well as allowing the participant to request

withholdings and conversions in the billing statement because this is also information that relates to the account of the participant. After all, the management of points is disclosed as being done by computer in Burton anyway so this is really just using the online billing statement as the tool that allows the participant to know what their balance is as well as being able to submit requests (as is disclosed in Burton and done by computer in Burton). This is considered to be obvious.

Concerning the offsetting of a previously executed transaction, the examiner notes that the awards points in Burton are converted to a monetary amount that is given to the customer to spend on an expected future purchase. They are awarding the customer with money. The background of the invention section in Burton also discloses that "*In some cases the points are converted to a direct cash payment to the participant at either the culmination of the period or the program*.". This teaches that it is known in the art to provide a cash payment to the participant. In both Burton and this other prior art technique, the purpose is the same, namely, to provide an incentive for the participant and to provide them with a monetary award. In Burton, as has been argued by applicant, the points are apparently credited to the financial account prior to the charge actually occurring. Applicant is claiming that instead of crediting the account prior to the purchase of the expected item, the credit is happening after the purchase of the expected item. This all comes down to the timing of when the crediting of the account step occurs. Applicant is claiming that it is novel to credit the account after the purchase is made instead of doing what Burton does, which is credit the account prior to the expected purchase. Both methods result in the same thing, which is the crediting of

a financial account with the currency value, and both ways allow a participant to make a desired purchase. In view of the fact that Burton is providing the participant with a monetary award in the form of a currency value that is deposited to an account, in view of the fact that Burton discloses that points can be stored up and used to pay for a specific item or purchase, and in view of the fact that it is known in the art to provide a monetary award in the form of a cash payment to the participant (that they can do whatever they want with, including paying a credit card bill), one of ordinary skill in the art at the time the invention was made would have found it obvious to apply the currency value credit to the financial account of the participant for the purpose of allowing them to offset a previous charge. This is simply allowing the participant to credit the currency value to any outstanding balance on their account (i.e. a previous charge). In the prior art you are giving a monetary award to the participant, this can be done by the method of Burton (credit before the actual purchase) or can be done by cash payment directly to the participant (cash can be used for anything, including paying a credit card bill). Both have the intent of giving the money to the participant so they can spend it. It would have been obvious to one of ordinary skill in the art at the time the invention was made to allow the currency value of Burton to be credited to the financial account to offset a previous charge, so that the participant can purchase the item they desire before using their points instead of having to wait to have the currency value credited first. One of ordinary skill in the art would have recognized or contemplated the fact that the currency value credit could also be made to the account of the participant, i.e. applying the credit to any outstanding balances. The small

difference of applying the credit for an expected future charge versus applying the credit to offset a just executed charge is seen as obvious. The credit must go somewhere. One of ordinary skill in the art would have found it obvious to apply the credit to the account of the participant as applicant has claimed. Additionally, McMullin discloses a customer reward system that allows customers to take their earned award and have it applied to a transaction on a billing statement (a phone bill). Column 4, line 64 to column 5, line 22 discusses that the earned award can be used to reduce the total balance of the credit card (occurs after charges have been accrued) and discloses that the award may be used to pay off a portion of the balance, such as a phone bill. McMullin states “In other words, the award may be applied to the card in any manner”. It would have been obvious to one of ordinary skill in the art at the time the invention was made to provide Burton with the ability to allow the participant to have their earned points that were converted to a currency value credited to their balance to offset a previously executed charge as claimed. The idea of crediting the points to the account to offset a previous charge is already known in the art.

With respect to the conversion ratio being dependent on the merchant and the other recited data, this is not taught. Adams discloses a customer rewards system that awards points to a customer. A conversion ratio is used. In column 2, lines 11-28 it is disclosed that it is known to alter conversion ratios to encourage purchases at various shops or during various seasons (dates). It is known in the art to provide different conversion ratios, where the conversion ratio depends on the merchant (to encourage purchases at various shops), and a date (seasonal encouragement). While this is a

disclosure to the conversion of a purchase in dollars to points, it is a teaching to one of ordinary skill in the art that the conversion ratio can vary as desired based on merchant and a date (seasonal). The applicant is just claiming the varying of the conversion ratio going the other way, when converting points to currency as opposed to a dollar purchase to points. Simply varying the conversion ratio of points to currency for particular merchants and a particular time is something that involves no more than ordinary skill in the art. It would have been obvious to one of ordinary skill in the art at the time the invention was made to allow for varying conversion ratios (points to currency) depending on what merchant the saved up points are going to be used with for the expected purchase and dependent on the date of the transaction (seasonal time) to encourage loyalty program members to shop with their earned points at particular merchants and to convert their points at a particular time of year (possibly during the slow time of the year for seasonal sales). When one decides to save their points up for a purchase at a particular store, it would have been obvious to make the points be worth more in currency for that purchase at the particular store (the points are worth more at that store, such as earning double points) as well as more points for the time of the purchase (seasonal encouragement). The conversion of the points to currency does not occur without the confirmation from the customer themselves.

For claims 1,5,6,11,19, Burton discloses a method and system for an incentive award program that awards point to participants, where the points can be converted to a monetary value that is then credited to a financial account of the participant. The participant is issued a credit card (the financial account), is authenticated and entered

into a loyalty program where any earned loyalty points can be converted to a currency value and that value is then credited to the credit card account. See the Abstract. This satisfies the steps of “registering” the participant, “establishing” a loyalty account and “authenticating” as claimed. The claimed steps of "receiving a payment authorization..” and "approving said payment authorization.." are satisfied by a regular use of the credit card of Burton. This occurs when a loyalty program member uses the credit card (a line of credit) to make a purchase and the credit card system (claimed computerized transaction authorization manager) processes the transaction. The claimed participant is the “participant” disclosed in Burton. The loyalty account that is stored on the claimed loyalty database is the “Participant” account (see column 10 and column 14, lines 60-68) that is stored on the Incentive Company’s computer system (claimed loyalty program database system). The loyalty account for each participant includes information about how many award points have been earned. The amount of loyalty points are retrieved from the database (by loyalty system middleware) and are converted to a currency value by using a computer (the claimed conversion processor), see column 13, lines 16-30. The resulting currency value is then credited to a financial account of the participant, which is the disclosed credit card account of the participant. The financial account information is stored on a second database system as claimed, which is the Bank computer system. Column 8 discloses the kinds of files that are maintained by the Bank, which includes the files relating to the financial credit card account of the participant. The examiner notes that in columns 29-30, it is disclosed that the participant can request the withholding of earned points, so that the points are

not converted to a currency value and credited to the credit card account until a point in time in which the participant requests such an action. The participant can elect to transfer the withheld loyalty points, converted to a currency value, to the credit card account by submitting a request at a later time (done by a user interface that allows the request to be submitted). This is done to allow the participant to save points towards a future purchase and then when they want to make the purchase they can have the withheld points converted to a currency value and credited to their credit card account (increasing a line of credit due). Column 29 discloses that "When a transfer request is received…the amount of the transfer and type of transfer is *entered into the CPU* in block 753". The claimed step of increasing the loyalty point balance subsequent to approving the claimed payment authorization request is satisfied by what happens during the use of the card of Burton anyway. If a transaction is approved, then loyalty points are earned. That portion of the claim reads on what happens when using the card of Burton after a purchase has been made.

Burton does not disclose that a webpage is provided that discloses the transaction and the purchase amount (online billing statement), as well as the balance of loyalty points that the participant has earned. Burton does not disclose that the webpage has a device that allows the participant to apply a currency value (from converted points) to a particular transaction in the billing statement. Burton does not disclose that the charge for the transaction is actually being offset by the conversion of the points to currency. Burton also does not disclose that the conversion ratio depends

on the merchant and one of the date, inventory data, participant status, or method of facilitating the transaction.

Also not specifically disclosed is the computerized user interface in claim 19.

With respect to having a webpage that provides an online billing statement for the participant, Tedesco discloses in column 6, lines 28-42 that billing statements are sent to customers online and via a webpage. This is representative of the old and well known idea of having a billing statement online. It would have been obvious to one of ordinary skill in the art at the time the invention was made to provide Burton with the ability to provide an online webpage based billing statement. This is just updating Burton with modern technology and using the Internet to convey a billing statement to the customer instead of a paper copy in the mail. This is obvious. This satisfies the portion of the claim that recites the webpage that discloses the transaction and purchase amount, which is what you find in a billing statement for a credit card like in Burton. This does not however, fully address the portion of the claim that recites that the balance of loyalty points is displayed in a section of the webpage. The examiner feels that this is obvious also. In Burton, requests to have points withheld or applied are made through a computer, it is just not disclosed that it is done via a webpage on the Internet. One of ordinary skill in the art that is providing online billing statements for their customers would naturally consider having the participant's point balance also be reflected in their billing statement. The billing statement is a tool that gives information to the participant about their account and any transactions that have occurred. The information on the loyalty points is information relating to the account(s) of the

participant and this is information that the participant would want to know. Using the billing statement to convey the point balance and to allow for requests for conversions etc., would have been an obvious choice to one of ordinary skill in the art. In Burton, as stated previously, the acts of requesting withholdings and conversion of points is done by computer. One of ordinary skill in the art would find it obvious to use an online billing statement to show the points balance as well as allowing the participant to request withholdings and conversions in the billing statement because this is also information that relates to the account of the participant. After all, the management of points is disclosed as being done by computer in Burton anyway so this is really just using the online billing statement as the tool that allows the participant to know what their balance is as well as being able to submit requests (as is disclosed in Burton and done by computer in Burton). This is considered to be obvious.

Concerning the offsetting of a previously executed transaction, the examiner notes that the awards points in Burton are converted to a monetary amount that is given to the customer to spend on an expected future purchase. They are awarding the customer with money. The background of the invention section in Burton also discloses that "*In some cases the points are converted to a direct cash payment to the participant at either the culmination of the period or the program.*". This teaches that it is known in the art to provide a cash payment to the participant. In both Burton and this other prior art technique, the purpose is the same, namely, to provide an incentive for the participant and to provide them with a monetary award. In Burton, as has been argued by applicant, the points are apparently credited to the financial account prior to the

charge actually occurring. Applicant is claiming that instead of crediting the account prior to the purchase of the expected item, the credit is happening after the purchase of the expected item. This all comes down to the timing of when the crediting of the account step occurs. Applicant is claiming that it is novel to credit the account after the purchase is made instead of doing what Burton does, which is credit the account prior to the expected purchase. Both methods result in the same thing, which is the crediting of a financial account with the currency value, and both ways allow a participant to make a desired purchase. In view of the fact that Burton is providing the participant with a monetary award in the form of a currency value that is deposited to an account, in view of the fact that Burton discloses that points can be stored up and used to pay for a specific item or purchase, and in view of the fact that it is known in the art to provide a monetary award in the form of a cash payment to the participant (that they can do whatever they want with, including paying a credit card bill), one of ordinary skill in the art at the time the invention was made would have found it obvious to apply the currency value credit to the financial account of the participant for the purpose of allowing them to offset a previous charge. This is simply allowing the participant to credit the currency value to any outstanding balance on their account (i.e. a previous charge). In the prior art you are giving a monetary award to the participant, this can be done by the method of Burton (credit before the actual purchase) or can be done by cash payment directly to the participant (cash can be used for anything, including paying a credit card bill). Both have the intent of giving the money to the participant so they can spend it. It would have been obvious to one of ordinary skill in the art at the

time the invention was made to allow the currency value of Burton to be credited to the financial account to offset a previous charge, so that the participant can purchase the item they desire before using their points instead of having to wait to have the currency value credited first. One of ordinary skill in the art would have recognized or contemplated the fact that the currency value credit could also be made to the account of the participant, i.e. applying the credit to any outstanding balances. The small difference of applying the credit for an expected future charge versus applying the credit to offset a just executed charge is seen as obvious. The credit must go somewhere. One of ordinary skill in the art would have found it obvious to apply the credit to the account of the participant as applicant has claimed. Additionally, McMullin discloses a customer reward system that allows customers to take their earned award and have it applied to a transaction on a billing statement (a phone bill). Column 4, line 64 to column 5, line 22 discusses that the earned award can be used to reduce the total balance of the credit card (occurs after charges have been accrued) and discloses that the award may be used to pay off a portion of the balance, such as a phone bill. McMullin states "In other words, the award may be applied to the card in any manner". It would have been obvious to one of ordinary skill in the art at the time the invention was made to provide Burton with the ability to allow the participant to have their earned points that were converted to a currency value credited to their balance to offset a previously executed charge as claimed. The idea of crediting the points to the account to offset a previous charge is already known in the art.

With respect to the conversion ratio being dependent on the merchant and the other recited data, this is not taught. Adams discloses a customer rewards system that awards points to a customer. A conversion ratio is used. In column 2, lines 11-28 it is disclosed that it is known to alter conversion ratios to encourage purchases at various shops or during various seasons (dates). It is known in the art to provide different conversion ratios, where the conversion ratio depends on the merchant (to encourage purchases at various shops), and a date (seasonal encouragement). While this is a disclosure to the conversion of a purchase in dollars to points, it is a teaching to one of ordinary skill in the art that the conversion ratio can vary as desired based on merchant and a date (seasonal). The applicant is just claiming the varying of the conversion ratio going the other way, when converting points to currency as opposed to a dollar purchase to points. Simply varying the conversion ratio of points to currency for particular merchants and a particular time is something that involves no more than ordinary skill in the art. It would have been obvious to one of ordinary skill in the art at the time the invention was made to allow for varying conversion ratios (points to currency) depending on what merchant the saved up points are going to be used with for the expected purchase and dependent on the date of the transaction (seasonal time) to encourage loyalty program members to shop with their earned points at particular merchants and to convert their points at a particular time of year (possibly during the slow time of the year for seasonal sales). When one decides to save their points up for a purchase at a particular store, it would have been obvious to make the points be worth more in currency for that purchase at the particular store (the points are worth more at

that store, such as earning double points) as well as more points for the time of the purchase (seasonal encouragement). The conversion of the points to currency does not occur without the confirmation from the customer themselves.

For claims 3,4,7,8, the claimed crediting of a currency value to a third party is interpreted to be the payment that is made to the account of a merchant that the participant has done business with. When the participant uses the issued credit card to conduct a transaction, funds are credited to the merchant account. This satisfies what is claimed. The examiner also interprets the scope of “a secondary transaction number” to be broad enough that this also reads on the crediting of a currency value to an account of a merchant. A merchant account inherently has an account number, which is considered to be the claimed “secondary transaction number”. When you credit the merchant account, you are crediting an account number.

Additionally, for claims 4,8, it is well known that people buy gifts for themselves and for others (birthday, Christmas, wedding, etc.) so when a user buys a product using the debit card, that product is considered a gift. The product can be a gift for someone else or themselves. Also, the term “gift” is just the intended use of the product and in the opinion of the examiner does not serve to further distinguish any product from other products. All products are capable of being considered gifts.

For claim 9, using the Internet satisfies the claimed use of a “wire-based network”. The Internet involves the use of wires.

For claims 10, not disclosed specifically is a wireless network. It is old and well known to use a wireless network such as a satellite dish to transmit data, one of

ordinary skill in the art would have this knowledge in their possession. It would have been obvious to one of ordinary skill in the art at the time the invention was made to use the invention of Burton with a wireless network where a satellite dish is used to transmit data so that the incentive program of Burton can be used in the wireless network. The network can be wired and/or wireless; the invention will perform the same regardless of which type of network is chosen.

For claim 12, the third party is the Incentive Company disclosed by Burton. They maintain the database of participant information regarding the loyalty program and earned points.

For claim 35, not disclosed is that at least one of the steps is facilitated with a “wireless enabled communication device” (i.e. a cell phone). The examiner notes that in columns 29-30, it is disclosed that the participant can request the withholding of earned points, so that the points are not converted to a currency value and credited to the credit card account until a point in time in which the participant requests such an action. The participant can elect to transfer the withheld loyalty points, converted to a currency value, to the credit card account by submitting a request at a later time. This is done to allow the participant to save points towards a future purchase and then when they want to make the purchase they can have the withheld points converted to a currency value and credited to their credit card account. Column 29 discloses that “When a transfer request is received…the amount of the transfer and type of transfer is *entered into the CPU* in block 753”. Because Burton discloses that a “request” is received from a participant to transfer earned points to the credit card account, one of ordinary skill in

the art would clearly recognized that this request has to be received by some manner of communication, whether it be mail, phone, or verbal. It would have been obvious to one of ordinary skill in the art at the time the invention was made to use a cellular phone (a wireless communication device) to submit the request to transfer points to the credit card account, so that the participant can submit the request any time they want to and from wherever they are at that time by using their cell phone.

For claim 37, Burton discloses a method and system for an incentive award program that awards point to participants, where the points can be converted to a monetary value that is then credited to a financial account of the participant. The participant is issued a credit card (the financial account), is authenticated (approved to participate) and registered into a loyalty program where any earned loyalty points can be converted to a currency value and that value is then credited to the credit card account. See the Abstract. This satisfies the first three steps of “registering” and “establishing”. The claimed steps of "receiving a payment authorization..” and "approving said payment authorization.." are satisfied by a regular use of the credit card of Burton. This occurs when a loyalty program member uses the credit card (a line of credit) to make a purchase and the credit card system (claimed computerized transaction authorization manager) processes the transaction. The claimed step of increasing the loyalty point balance subsequent to approving the claimed payment authorization request is satisfied by what happens during the use of the card of Burton anyway. If a transaction is approved, then loyalty points are earned. That portion of the claim reads on what happens when using the card of Burton after a purchase has been

made. The claimed participant is the "participant" disclosed in Burton. The loyalty account that is stored on a loyalty database is the "Participant" account (see column 10 and column 14, lines 60-68) that is stored on the Incentive Company's computer system. The loyalty account for each participant includes information about how many award points have been earned. The amount of loyalty points are retrieved from the database (by loyalty system middleware) and are converted to a currency value by using a computer (the conversion processor), see column 13, lines 16-30. The resulting currency value is then credited to a financial account of the participant, which is the disclosed credit card account of the participant. The used points are deducted from the balance of points as claimed. The examiner notes that in columns 29-30, it is disclosed that the participant can request the withholding of earned points, so that the points are not converted to a currency value and credited to the credit card account until a point in time in which the participant requests such an action. The participant can elect to transfer the withheld loyalty points, converted to a currency value, to the credit card account by submitting a request at a later time. This is done to allow the participant to save points towards a future purchase and then when they want to make the purchase they can have the withheld points converted to a currency value and credited to their credit card account. Not disclosed is the generating of a secondary transaction number and sending the number to the participant. With respect to this claimed limitation the examiner has a number of comments. The examiner notes that the claimed secondary number is generated, sent to the participant, and then nothing further happens. The secondary number is not claimed as being used in any manner by the participant and is

not functionally related to the method steps as claimed. Because of the lack of a functional relationship to the rest of the claim, the language describing what the number represents and the language about a credit limit is considered to be non-functional descriptive material. The examiner has concluded that this language is satisfied by the generation of any number and sending that number to the participant, like a "transfer" number of some kind to identify the transaction that transferred points from a withheld status to the credit card. It would have been obvious to one of ordinary skill in the art at the time the invention was made to generate a transaction number for the participant that represents the transfer of points to the credit card that the participant requested.

Burton does not disclose that a webpage is provided that discloses the transaction and the purchase amount (online billing statement), as well as the balance of loyalty points that the participant has earned. Burton does not disclose that the webpage has a device that allows the participant to apply a currency value (from converted points) to a particular transaction in the billing statement. Burton does not disclose that the charge for the transaction is actually being offset by the conversion of the points to currency. Burton also does not disclose that the conversion ratio depends on the merchant and one of the date, inventory data, participant status, or method of facilitating the transaction.

With respect to having a webpage that provides an online billing statement for the participant, Tedesco discloses in column 6, lines 28-42 that billing statements are sent to customers online and via a webpage. This is representative of the old and well known idea of having a billing statement online. It would have been obvious to one of

ordinary skill in the art at the time the invention was made to provide Burton with the ability to provide an online webpage based billing statement. This is just updating Burton with modern technology and using the Internet to convey a billing statement to the customer instead of a paper copy in the mail. This is obvious. This satisfies the portion of the claim that recites the webpage that discloses the transaction and purchase amount, which is what you find in a billing statement for a credit card like in Burton. This does not however, fully address the portion of the claim that recites that the balance of loyalty points is displayed in a section of the webpage. The examiner feels that this is obvious also. In Burton, requests to have points withheld or applied are made through a computer, it is just not disclosed that it is done via a webpage on the Internet. One of ordinary skill in the art that is providing online billing statements for their customers would naturally consider having the participant's point balance also be reflected in their billing statement. The billing statement is a tool that gives information to the participant about their account and any transactions that have occurred. The information on the loyalty points is information relating to the account(s) of the participant and this is information that the participant would want to know. Using the billing statement to convey the point balance and to allow for requests for conversions etc., would have been an obvious choice to one of ordinary skill in the art. In Burton, as stated previously, the acts of requesting withholdings and conversion of points is done by computer. One of ordinary skill in the art would find it obvious to use an online billing statement to show the points balance as well as allowing the participant to request withholdings and conversions in the billing statement because this is also information

that relates to the account of the participant. After all, the management of points is disclosed as being done by computer in Burton anyway so this is really just using the online billing statement as the tool that allows the participant to know what their balance is as well as being able to submit requests (as is disclosed in Burton and done by computer in Burton). This is considered to be obvious.

Concerning the offsetting of a previously executed transaction, the examiner notes that the awards points in Burton are converted to a monetary amount that is given to the customer to spend on an expected future purchase. They are awarding the customer with money. The background of the invention section in Burton also discloses that "*In some cases the points are converted to a direct cash payment to the participant at either the culmination of the period or the program.*". This teaches that it is known in the art to provide a cash payment to the participant. In both Burton and this other prior art technique, the purpose is the same, namely, to provide an incentive for the participant and to provide them with a monetary award. In Burton, as has been argued by applicant, the points are apparently credited to the financial account prior to the charge actually occurring. Applicant is claiming that instead of crediting the account prior to the purchase of the expected item, the credit is happening after the purchase of the expected item. This all comes down to the timing of when the crediting of the account step occurs. Applicant is claiming that it is novel to credit the account after the purchase is made instead of doing what Burton does, which is credit the account prior to the expected purchase. Both methods result in the same thing, which is the crediting of a financial account with the currency value, and both ways allow a participant to make a

desired purchase. In view of the fact that Burton is providing the participant with a monetary award in the form of a currency value that is deposited to an account, in view of the fact that Burton discloses that points can be stored up and used to pay for a specific item or purchase, and in view of the fact that it is known in the art to provide a monetary award in the form of a cash payment to the participant (that they can do whatever they want with, including paying a credit card bill), one of ordinary skill in the art at the time the invention was made would have found it obvious to apply the currency value credit to the financial account of the participant for the purpose of allowing them to offset a previous charge. This is simply allowing the participant to credit the currency value to any outstanding balance on their account (i.e. a previous charge). In the prior art you are giving a monetary award to the participant, this can be done by the method of Burton (credit before the actual purchase) or can be done by cash payment directly to the participant (cash can be used for anything, including paying a credit card bill). Both have the intent of giving the money to the participant so they can spend it. It would have been obvious to one of ordinary skill in the art at the time the invention was made to allow the currency value of Burton to be credited to the financial account to offset a previous charge, so that the participant can purchase the item they desire before using their points instead of having to wait to have the currency value credited first. One of ordinary skill in the art would have recognized or contemplated the fact that the currency value credit could also be made to the account of the participant, i.e. applying the credit to any outstanding balances. The small difference of applying the credit for an expected future charge versus applying the credit

to offset a just executed charge is seen as obvious. The credit must go somewhere. One of ordinary skill in the art would have found it obvious to apply the credit to the account of the participant as applicant has claimed. Additionally, McMullin discloses a customer reward system that allows customers to take their earned award and have it applied to a transaction on a billing statement (a phone bill). Column 4, line 64 to column 5, line 22 discusses that the earned award can be used to reduce the total balance of the credit card (occurs after charges have been accrued) and discloses that the award may be used to pay off a portion of the balance, such as a phone bill. McMullin states “In other words, the award may be applied to the card in any manner”. It would have been obvious to one of ordinary skill in the art at the time the invention was made to provide Burton with the ability to allow the participant to have their earned points that were converted to a currency value credited to their balance to offset a previously executed charge as claimed. The idea of crediting the points to the account to offset a previous charge is already known in the art.

With respect to the conversion ratio being dependent on the merchant and the other recited data, this is not taught. Adams discloses a customer rewards system that awards points to a customer. A conversion ratio is used. In column 2, lines 11-28 it is disclosed that it is known to alter conversion ratios to encourage purchases at various shops or during various seasons (dates). It is known in the art to provide different conversion ratios, where the conversion ratio depends on the merchant (to encourage purchases at various shops), and a date (seasonal encouragement). While this is a disclosure to the conversion of a purchase in dollars to points, it is a teaching to one of

ordinary skill in the art that the conversion ratio can vary as desired based on merchant and a date (seasonal). The applicant is just claiming the varying of the conversion ratio going the other way, when converting points to currency as opposed to a dollar purchase to points. Simply varying the conversion ratio of points to currency for particular merchants and a particular time is something that involves no more than ordinary skill in the art. It would have been obvious to one of ordinary skill in the art at the time the invention was made to allow for varying conversion ratios (points to currency) depending on what merchant the saved up points are going to be used with for the expected purchase and dependent on the date of the transaction (seasonal time) to encourage loyalty program members to shop with their earned points at particular merchants and to convert their points at a particular time of year (possibly during the slow time of the year for seasonal sales). When one decides to save their points up for a purchase at a particular store, it would have been obvious to make the points be worth more in currency for that purchase at the particular store (the points are worth more at that store, such as earning double points) as well as more points for the time of the purchase (seasonal encouragement). The conversion of the points to currency does not occur without the confirmation from the customer themselves.

9. Claims 13-18,20-23,36,38-41, are rejected under 35 U.S.C. 103(a) as being unpatentable over Burton et al. (5025372) in view of Tedesco et al. (6898570) in view of McMullin (6222914) in view of Adams et al. (7025674) in view of Storey (5774870). Burton discloses the invention substantially as claimed.

For claims 13,20,23,36,38-41, not disclosed is the claimed "integrating a computerized shopping network" (the third party shopping network) that can facilitate a transaction between the participant and a merchant. Burton discloses that there are merchants that conduct transactions with the participant, but Burton calls them "clients" instead of merchants. In the Field of the Invention portion of Burton, it is disclosed that some prior art loyalty award programs offer merchandise or vacation trips as the earned rewards. Burton states that these types of programs suffer from various disadvantages, one disadvantage being that they must either maintain a warehouse of inventory (to store the earned merchandise) or must rely on another outside merchant to provide the earned merchandise (which may result in shipping errors), see columns 1-4. Burton discloses that the above-mentioned types of reward programs would benefit by his method of allowing the participant to earn loyalty points, covert the points to a currency value, and then credit the currency value to the financial credit card account of the award program participant.

Storey discloses an online computerized shopping website (network) where products can be purchased by members of a reward program (participants) and loyalty points (commensurate with the definition in the instant specification on page 8, lines 20-25) can be earned. Storey is an example of a reward program that offers merchandise

as an earned reward (loyalty points), and is the same type of loyalty program that could benefit from the method of Burton, as is discussed by Burton. In Storey the participant earns points just like in the method of Burton and when enough points are earned, the points can be converted to a monetary amount and can be used to affect the purchase of merchandise from an “award catalog” (Column 2, lines 16-27 of Storey). It would have been obvious to one of ordinary skill in the art at the time the invention was made to integrate the method and system of Burton for use with the “computerized shopping network” that is disclosed by Storey, so that participants of the loyalty program of Burton could obtain earn points while purchasing merchandise online. The 103 rejection that the examiner is setting forth is resulting in the reward system of Burton being used in the online shopping system of Storey, where the reward that is offered is points, that are converted to a currency value and credited to the participants credit card account, which will effectively offset a charge that is made to the credit card for merchandise. The resulting reward program will not require the earned reward points to be used only for the obtaining of reward merchandise from the “award catalog”, but would result in the crediting of the credit card account with the currency value.

For claims 23,38:

Burton does not disclose that a webpage is provided that discloses the transaction and the purchase amount (online billing statement), as well as the balance of loyalty points that the participant has earned. Burton does not disclose that the webpage has a device that allows the participant to apply a currency value (from converted points) to a particular transaction in the billing statement. Burton does not

disclose that the charge for the transaction is actually being offset by the conversion of the points to currency. Burton also does not disclose that the conversion ratio depends on the merchant and one of the date, inventory data, participant status, or method of facilitating the transaction.

With respect to having a webpage that provides an online billing statement for the participant, Tedesco discloses in column 6, lines 28-42 that billing statements are sent to customers online and via a webpage. This is representative of the old and well known idea of having a billing statement online. It would have been obvious to one of ordinary skill in the art at the time the invention was made to provide Burton with the ability to provide an online webpage based billing statement. This is just updating Burton with modern technology and using the Internet to convey a billing statement to the customer instead of a paper copy in the mail. This is obvious. This satisfies the portion of the claim that recites the webpage that discloses the transaction and purchase amount, which is what you find in a billing statement for a credit card like in Burton. This does not however, fully address the portion of the claim that recites that the balance of loyalty points is displayed in a section of the webpage. The examiner feels that this is obvious also. In Burton, requests to have points withheld or applied are made through a computer, it is just not disclosed that it is done via a webpage on the Internet. One of ordinary skill in the art that is providing online billing statements for their customers would naturally consider having the participant’s point balance also be reflected in their billing statement. The billing statement is a tool that gives information to the participant about their account and any transactions that have occurred. The

information on the loyalty points is information relating to the account(s) of the participant and this is information that the participant would want to know. Using the billing statement to convey the point balance and to allow for requests for conversions etc., would have been an obvious choice to one of ordinary skill in the art. In Burton, as stated previously, the acts of requesting withholdings and conversion of points is done by computer. One of ordinary skill in the art would find it obvious to use an online billing statement to show the points balance as well as allowing the participant to request withholdings and conversions in the billing statement because this is also information that relates to the account of the participant. After all, the management of points is disclosed as being done by computer in Burton anyway so this is really just using the online billing statement as the tool that allows the participant to know what their balance is as well as being able to submit requests (as is disclosed in Burton and done by computer in Burton). This is considered to be obvious.

Concerning the offsetting of a previously executed transaction, the examiner notes that the awards points in Burton are converted to a monetary amount that is given to the customer to spend on an expected future purchase. They are awarding the customer with money. The background of the invention section in Burton also discloses that "*In some cases the points are converted to a direct cash payment to the participant at either the culmination of the period or the program*.". This teaches that it is known in the art to provide a cash payment to the participant. In both Burton and this other prior art technique, the purpose is the same, namely, to provide an incentive for the participant and to provide them with a monetary award. In Burton, as has been argued

by applicant, the points are apparently credited to the financial account prior to the charge actually occurring. Applicant is claiming that instead of crediting the account prior to the purchase of the expected item, the credit is happening after the purchase of the expected item. This all comes down to the timing of when the crediting of the account step occurs. Applicant is claiming that it is novel to credit the account after the purchase is made instead of doing what Burton does, which is credit the account prior to the expected purchase. Both methods result in the same thing, which is the crediting of a financial account with the currency value, and both ways allow a participant to make a desired purchase. In view of the fact that Burton is providing the participant with a monetary award in the form of a currency value that is deposited to an account, in view of the fact that Burton discloses that points can be stored up and used to pay for a specific item or purchase, and in view of the fact that it is known in the art to provide a monetary award in the form of a cash payment to the participant (that they can do whatever they want with, including paying a credit card bill), one of ordinary skill in the art at the time the invention was made would have found it obvious to apply the currency value credit to the financial account of the participant for the purpose of allowing them to offset a previous charge. This is simply allowing the participant to credit the currency value to any outstanding balance on their account (i.e. a previous charge). In the prior art you are giving a monetary award to the participant, this can be done by the method of Burton (credit before the actual purchase) or can be done by cash payment directly to the participant (cash can be used for anything, including paying a credit card bill). Both have the intent of giving the money to the participant so

they can spend it. It would have been obvious to one of ordinary skill in the art at the time the invention was made to allow the currency value of Burton to be credited to the financial account to offset a previous charge, so that the participant can purchase the item they desire before using their points instead of having to wait to have the currency value credited first. One of ordinary skill in the art would have recognized or contemplated the fact that the currency value credit could also be made to the account of the participant, i.e. applying the credit to any outstanding balances. The small difference of applying the credit for an expected future charge versus applying the credit to offset a just executed charge is seen as obvious. The credit must go somewhere. One of ordinary skill in the art would have found it obvious to apply the credit to the account of the participant as applicant has claimed. Additionally, McMullin discloses a customer reward system that allows customers to take their earned award and have it applied to a transaction on a billing statement (a phone bill). Column 4, line 64 to column 5, line 22 discusses that the earned award can be used to reduce the total balance of the credit card (occurs after charges have been accrued) and discloses that the award may be used to pay off a portion of the balance, such as a phone bill. McMullin states “In other words, the award may be applied to the card in any manner”. It would have been obvious to one of ordinary skill in the art at the time the invention was made to provide Burton with the ability to allow the participant to have their earned points that were converted to a currency value credited to their balance to offset a previously executed charge as claimed. The idea of crediting the points to the account to offset a previous charge is already known in the art.

With respect to the conversion ratio being dependent on the merchant and the other recited data, this is not taught. Adams discloses a customer rewards system that awards points to a customer. A conversion ratio is used. In column 2, lines 11-28 it is disclosed that it is known to alter conversion ratios to encourage purchases at various shops or during various seasons (dates). It is known in the art to provide different conversion ratios, where the conversion ratio depends on the merchant (to encourage purchases at various shops), and a date (seasonal encouragement). While this is a disclosure to the conversion of a purchase in dollars to points, it is a teaching to one of ordinary skill in the art that the conversion ratio can vary as desired based on merchant and a date (seasonal). The applicant is just claiming the varying of the conversion ratio going the other way, when converting points to currency as opposed to a dollar purchase to points. Simply varying the conversion ratio of points to currency for particular merchants and a particular time is something that involves no more than ordinary skill in the art. It would have been obvious to one of ordinary skill in the art at the time the invention was made to allow for varying conversion ratios (points to currency) depending on what merchant the saved up points are going to be used with for the expected purchase and dependent on the date of the transaction (seasonal time) to encourage loyalty program members to shop with their earned points at particular merchants and to convert their points at a particular time of year (possibly during the slow time of the year for seasonal sales). When one decides to save their points up for a purchase at a particular store, it would have been obvious to make the points be worth more in currency for that purchase at the particular store (the points are worth more at

that store, such as earning double points) as well as more points for the time of the purchase (seasonal encouragement). The conversion of the points to currency does not occur without the confirmation from the customer themselves.

For claims 14-17, when a transaction is conducted between a merchant and a participant, the transaction details are received as claimed. The transaction details (including amounts) are received by the computer system that stores the participant information so that any earned points can be calculated based on the purchases of the participant. When the participant is using their bank issued credit card to conduct the transaction, the participant will necessarily have to provide “information relating to said financial transaction account” as claimed, such as a credit card number so that the correct credit card account can be charged for the amount of the transaction. In Burton the participant can elect to use points to pay for a transaction in total, can elect to use points to partially pay for a transaction, or can just use the credit card to conduct the transaction.

For claim 18, Burton discloses that reports are made regarding the transactions that are posted to the financial account of the participant. This is the same as a credit card billing statement that is well known in the art (the monthly credit card statements). The credit card statements will reflect any charges made to the account and also will reflect any credits to the account. This satisfies what is claimed.

For claims 21,22, when the system and method of Burton is combined with Storey as was done for claim 20, this also satisfies what is claimed in claim 21. This is because Storey offers products for sale to participants, provides the participants an

option to use loyalty points by using the bank issued credit card that the loyalty account is associated with, and when the transaction is conducted the transaction details will be sent to the middleware as claimed.

10. Applicant's arguments filed 3/17/10 have been fully considered but they are not persuasive.

With respect to the new matter traversal (112,1st rejection), the arguments appear to essentially be the same as previously considered. The examiner feels that the examiner rebuttal from the last office action clearly sets forth the position of the examiner and explains why applicant's position is disagreed with by the examiner. As taken from the office action of 11/24/09:

Regarding the 112,1st new matter rejection, the arguments are not persuasive and the previous amendment of 2/27/09 is still considered to be introducing new matter into the claims that is not supported by the originally filed specification. Applicant has argued that having to point out where in the incorporated document the incorporated subject matter would be found defeats the purpose of having official notice because then the information in the incorporated document has to be repeated. This is not true. There is a difference between explaining where in the incorporated document the incorporated subject matter can be found and having some sort of explanation of what is being incorporated as far as specific subject matter goes as opposed to having to repeat the totality of the incorporated disclosure. The examiner is not asking for or requiring that applicant repeat anything, the examiner is taking the position that in this

case with the specific language used in the incorporation by reference by applicant, it is not clear what was being incorporated and how. In this case, when determining from the specification as originally filed what the inventors contemplated as their invention, it is noted that there is no actual discussion regarding any of the incorporated references as to what is actually being incorporated as far as subject matter goes from each reference. There is no identification of where in the documents any incorporated subject matter can be found. In this case, applicant simply made a generic statement that "This system" may be integrated with other systems to better facilitate the spending of loyalty points and the conversion of loyalty points to a currency credit. Then it was stated that “For more information on loyalty systems, smart cards, transaction systems, electronic commerce systems and digital wallet systems, see…” and then a number of references are incorporated by reference. Applicant did not state what the subject matter actually was that was being incorporated from any of the references. The language of “*This system may be integrated with other systems to better facilitate the spending of loyalty points and the conversion of loyalty points to a currency credit"* is extremely vague and non-specific as far as what the subject matter was or what the integration was the inventors actually contemplated as their invention. In this case, how would one reading the specification reasonably know that the invention actually was a combination of only a portion of 09/652,899 and a portion of 09/241,188 along with the originally filed instant specification, and not portions of the other references as well. No guidance is given at all as to where in the references the incorporated subject matter can be found. If applicant’s position is correct, then it means that any patent applicant

can incorporate by reference an unlimited number of references in a very generic sense, and then at a later time can pick and choose from an unlimited combination of features from those references to claim something that the original disclosure never even disclosed. That is not what the taking of official notice was crated for and results in problems under 112,1st as far as support for what is claimed as far as new matter goes. The examiner agrees that there is no statutory requirement to identify the portions of incorporated documents, but if applicant does not fully and sufficiently explain what is being incorporated and how, then the statute that controls is 35 USC 112,1st. That is the authority under which the current claims are rejected. The argument is not persuasive and the rejections regarding new matter will be maintained.

With respect to the arguments that are arguing Burton alone (pages 31-top of page 33), they are not persuasive because the rejection is a 102 and not a 103. Applicant argues that Burton does not disclose the step of approving a purchase request up to the credit limit, and increasing the points balance subsequent to the transaction. The examiner disagrees because these steps appear to be satisfied by what happens during the use of the card of Burton anyway. If a transaction is approved, then loyalty points are earned at a time that is subsequent to the transaction being approved and completed. That portion of the claim reads on what happens when using the card of Burton after a purchase has been made. Applicants arguments also are more of general allegations than an analysis of the rejection made by the examiner as far as rationale and motivation goes. The arguments are not persuasive.

With respect to the traversal regarding the 103 combination, it is not persuasive. Applicant argues that the examiner has made several statements regarding obviousness without providing references. Applicant is reminded that references are not always required to provide a *prima facie* case of obviousness. The examiner has provided an articulated explanation of why the various claim limitations are found to be obvious. Applicant is not addressing the explanation and rationale set forth by the examiner; consequently, the applicant is not addressing the rejection of record but is merely alleging that the examiner is incorrect by not citing references. This is not persuasive. The reasoning that the examiner has relied upon should be focused on, not the presence or lack of prior art references for a particular limitation. 35 USC 103 does not require printed prior art references be used in rejecting claims, it only requires that a reasoned and articulated explanation of why the limitation is obvious (to one of ordinary skill in the art) be provided. Based on the reasoning from the examiner, why are those limitations not obvious? Why is the position of the examiner in error? This has not been addressed.

Applicant states that Burton does not disclose a conversion ratio, but no further comments or statement are provided as to why. In Burton points are converted to a currency value, this inherently (necessarily, 100%) requires some conversion ratio, even if it is a 1 to 1 ratio. The argument is not persuasive.

Applicant summarizes the various prior art references used in the rejection and then in one paragraph alleges that the combination does not satisfy the request to redeem points in real time, converting the points to a currency value in real time,

applying the currency value to the account, and offsetting the previously executed charge. No actual analysis of the applied prior art has been provided as to why each various reference does not teach what it was relied upon for in the 103 combination of record. Applicant is providing a generalized argument that the prior art does not satisfy the above steps with not actual explanation. Burton clearly discloses a request to redeem points. Why is applicant arguing that Burton does not? Why not? Where is the explanation? The same is found for the other limitations, they are merely listed with no actual explanation of why they define over the prior art. The arguments are taken as mere allegations and are not persuasive.

11. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dennis Ruhl whose telephone number is 571-272-6808. The examiner can normally be reached on Monday through Friday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Janice Mooneyham can be reached on 571-272-6805. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Dennis Ruhl/
Primary Examiner, Art Unit 3689